# ALASKA ECONOMIC TRENDS

## FORECAST 1991-1992

May 1991

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ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC
# TRENDS

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*Alaska Economic Trends* is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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*"As lousy as things are now, tomorrow they will be somebody's good old days."*
Gerald Barzan

Cover design by Jim Fowler

MADE IN ALASKA

# Alaskan Economy To Continue Growing

by John Boucher

## In 1990, Alaska posted a 4.4% rate of employment growth

and the second-lowest statewide unemployment rate since 1978. Total wage and salary employment reached an all-time high, surpassing even the heady days of the mid-80's boom.

Employment in Alaska has grown for three consecutive years, and since the beginning of the recovery in 1988, employment has grown more than 10%. During the last two years in particular Alaska's economy has performed well, and it is with this backdrop that the forecast for employment during 1991 and 1992 was conducted.

### Forecast Calls for Continued Growth

Employment in Alaska will continue to grow through 1992. However, some forces will conspire to slow the Alaskan economy down. Lower oil prices and a weaker market for some Alaskan exports are two forces which will check employment growth in Alaska's economy during the next two years. Despite the outlook for these two pieces of the Alaskan economic forecast, employment is expected to grow at a 2.9% rate through 1992. (See Table 1 and Figure 1.)

One note of caution: this forecast places North Slope oil prices during 1991 in the $14-$16/bbl. range, and in the $15-$17/bbl. range for 1992. If prices are significantly lower, growth in Alaska's economy will be less than forecast here.

### Oil Prices Will Slow Mining Growth

During 1989 and 1990 mining was one of Alaska's fastest growing industries. During the next two years employment should continue to grow, but at a substantially slower pace than the 12.7% growth rate posted in 1990.

Since nine out of every ten wage and salary employment jobs in Alaska's mining industry are oil and gas related, future employment prospects

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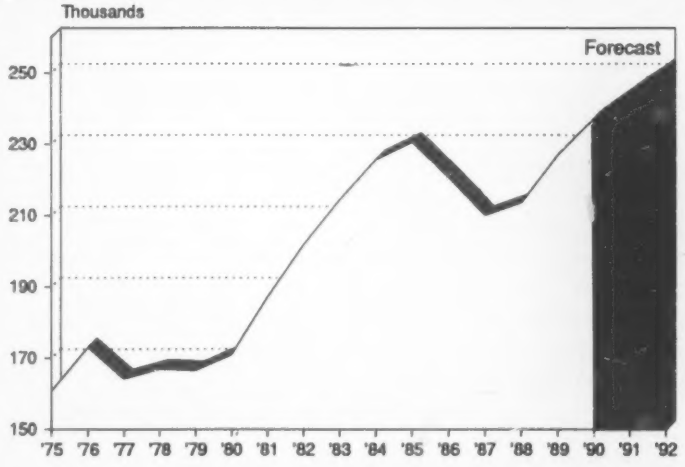
Figure • 1

**Alaska Annual Average Nonagricultural Wage & Salary Employment 1975-1992**




Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

## Alaska Nonagricultural Wage & Salary Employment Forecast 1991-1992

| | 1989 Annual Average | 1990 Annual Average | Percent Change 89-90 | 1991 Annual Average | Percent Change 90-91 | 1992 Annual Average | Percent Change 91-92 |
|---|---|---|---|---|---|---|---|
| Nonag. Wage and Salary | 227,100 | 237,200 | 4.4% | 244,350 | 3.0% | 251,175 | 2.8% |
| Goods-producing | 35,700 | 38,700 | 8.4% | 40,250 | 4.0% | 41,925 | 4.2% |
| Mining | 10,200 | 11,500 | 12.7% | 12,200 | 6.1% | 13,000 | 6.6% |
| Construction | 9,800 | 10,500 | 7.1% | 11,400 | 8.6% | 12,200 | 7.0% |
| Manufacturing | 15,700 | 16,700 | 6.4% | 16,650 | -0.3% | 16,725 | 0.5% |
| Seafood Processing | 8,300 | 9,100 | 9.6% | 9,250 | 1.6% | 9,250 | 0.0% |
| Lumber & Wood Products | 2,900 | 3,000 | 3.4% | 2,650 | -11.7% | 2,650 | 0.0% |
| Service-producing | 191,400 | 198,500 | 3.7% | 204,100 | 2.8% | 209,250 | 2.5% |
| Transportation | 21,200 | 20,500 | -3.3% | 21,275 | 3.8% | 21,850 | 2.7% |
| Trade | 44,200 | 46,100 | 4.3% | 47,825 | 3.7% | 49,375 | 3.2% |
| Wholesale Trade | 7,900 | 8,200 | 3.8% | 8,350 | 1.8% | 8,450 | 1.2% |
| Retail Trade | 36,300 | 37,900 | 4.4% | 39,475 | 4.2% | 40,925 | 3.7% |
| Finance-Ins. & Real Estate | 10,300 | 10,300 | 0.0% | 10,400 | 1.0% | 10,500 | 1.0% |
| Services & Misc. | 46,900 | 50,900 | 8.5% | 53,350 | 4.8% | 55,725 | 4.5% |
| Government | 68,800 | 70,800 | 2.9% | 71,250 | 0.6% | 71,800 | 0.8% |
| Federal | 18,200 | 18,700 | 2.7% | 18,500 | -1.1% | 18,500 | 0.0% |
| State | 20,700 | 21,400 | 3.4% | 21,250 | -0.7% | 21,000 | -1.2% |
| Local | 29,900 | 30,700 | 2.7% | 31,500 | 2.6% | 32,300 | 2.5% |

Totals may not add due to rounding.

*Source: Alaska Department of Labor, Research and Analysis Section.*

in mining are tied predominantly to the fortunes of the oil industry. In turn, the fortunes of Alaska's oil industry are dependent on world oil prices.

The aftermath of the war in the Persian Gulf is the biggest factor affecting the outlook for the world oil market during the next two years. Oil prices have been on a steady downward slide since September. As the war approached its final hours, oil prices had returned to the range they were in prior to the Iraqi invasion of Kuwait. Financial pressures are on all of the participating countries, including those dependent on oil revenue, to recover from the drain that the war effort has made on their economies. Iraqi and Kuwaiti oil production, which have had little influence in the world market, have nowhere to go but up.

Demand on the other hand has been dropping off due to the recession and expanded conservation efforts. For the balance of 1991, evidence points to continued lower prices; however, industry analysts predict a recovery in oil prices during 1992 as the world economy recovers, demand picks up, and key Middle East producers reorganize and reestablish themselves in the marketplace.

Lower prices during 1991 may increase competitive pressures on Alaskan producers and their contractors, but oil industry employment should continue to post some slower growth. The North Slope is still the single most productive area in the U.S. and it has reached the age where more investment (and labor) is needed to keep the Prudhoe field productive. Construction of a second gas-handling facility, an aggressive "fracturing" program, as well as new development are all going to figure in the employment picture during

the next several years. There is also a possibility of some preliminary activity at the Alaska National Wildlife Refuge; but it probably won't be a major contributor to employment in the next two years.

### Hardrock Mining Hits a Lull

While it is only a fraction of the employment that the oil and gas industry represents, Alaska's hard rock mining industry has posted some explosive employment growth during the last several years. The next two years, however, portend much slower growth. It is unlikely that any major mines will go into operation until 1993 or later. Currently the most promising of the "majors" is the Kensington Mine located just north of Juneau, but an optimistic timeline for that project puts the construction phase in summer 1992. There are other major mine employment possibilities across the state, each with their unique obstacles to overcome. Wishbone Hill in the MatSu Borough, Fort Knox near Fairbanks, the AJ in Juneau, Windy Craggy just across the Canadian border from Haines, and the Lik-Su deposit near the Red Dog mine all offer possibilities for minerals industry employment beyond the forecast horizon.

### Construction Industry Will Be Busy

Large construction projects, a recovery in Alaska's housing market, a rebounding commercial sector, and a solid contribution from public construction monies point to continued growth for construction employment for the next two years.

Investment on the North Slope and continuation of repair work on the Trans-Alaska pipeline are expected to be two major engines driving Alaska construction employment during the next two years. Lower oil prices during 1991 may curb some future spending in oil and gas related construction, but there will still be plenty of construction work available in the oil industry.

Alaska's largest housing market, Anchorage and vicinity, is past the recovery stage and on a roll. Housing prices in Anchorage have increased dramatically and the market is no longer dominated by institutional sellers. Existing homes and newly constructed housing are now the majority of Anchorage's property sales. Anchorage building permit activity is expected to double again in 1991. While not every major housing market is expecting that kind of growth, more residential construction employment is expected during the next two years.

In the commercial construction market, the lid was pried open by several construction projects during 1990. These include a new Fred Meyer outlet in Fairbanks; planned additional federal office space and a new J.C. Penney store to open in Juneau; and additional new seafood processing facilities built in Southeast Alaska. The optimism that spurred those projects should carry over into the next two years.

Publicly financed construction, particularly highway and street construction, should also be a source of employment for construction workers during the next two years.

### Timber, Seafood Industries Key to Manufacturing Forecast

Employment growth during the past several years in the manufacturing industry has been attributable to two factors: a growing timber industry and an expanding seafood processing industry. Timber industry employment growth was driven by a Japanese market which had a ravenous appetite for both finished and, in particular, unfinished timber products. Seafood processing employment growth has been due to the growth in winter processing jobs caused by the expansion of the bottomfish industry in Southwest Alaska. In 1990, salmon-related processing provided a portion of the employment boost in seafood processing because processors who were disabled by the Valdez oil spill came back on line.

During the next two years manufacturing employment will slow because of these two industries. Alaska's wood products employment, particularly logging in Southeast Alaska, is headed for a contraction. In the last quarter of 1990 market forces and inclement weather combined to knock logging employment in Southeast nearly 30% below 1989. While weather can improve during the next two seasons, the market does not look like it is going to. Even if the timber market rebounds, the stock of available timber is diminishing. Some of the reasons for the decline include: a falloff in available Native-owned tim-

ber, less timber at higher prices available from the Tongass National Forest, and outstanding litigation which is tying up some timber harvesting.

In the seafood processing sector of manufacturing there is room for growth, but it will depend on the performance of Alaska's winter fisheries. New processing plants for bottomfish are scheduled to come on line during the next two years adding to employment. Winter crab harvests have been rebounding and that is good news for winter employment in seafood processing. Salmon-related processing is expected to make marginal contributions to employment gains. There is some reason for caution in this industry though, since there are signs that the bottomfish harvest is stretched to near its capacity.

That portion of the manufacturing industry unrelated to timber and fish is dominated by newspapers, and printing and publishing firms. Growth in this sector is expected to be minimal during the next two years, but the addition of small manufacturers filling unique market niches is expected to contribute some employment growth.

### Transportation Industry Bolstered by Air Cargo, Tourism

The performance of the transportation industry during 1990 was the biggest surprise in Alaska's economy. Handicapped by a loss of 2,000+ jobs due to reduced work force on the oil spill, this industry thrived in most sectors, offsetting a good deal of the job loss created because of the spill work force reduction.

Air transportation was one of the key performers during 1990 and this trend is expected to continue. Expansion of air cargo facilities and the addition of new routes by some of Alaska's air carriers will continue to boost Alaska's air transportation industry albeit at a much slower pace that 1989 or 1990. This is one segment of Alaska's economy which will benefit from lower oil prices predicted for 1991 and 1992.

The tourism-related portion of the transportation industry, consisting primarily of ground transit such as bus tours, is expected to have a banner year in 1991 and continued good fortune into 1992. Key operators are projecting a 10% increase in the number of visitors in 1991, largely due to the threat of terrorism in the Middle East and Europe. Cruise ships which normally operate in the Mediterranean are opting for Alaskan destinations. Add the probability of lower gas prices during the summer and conditions are right for a boom year in tourism for Alaska. There are some concerns that the recession in the Lower 48 will adversely impact the season, but they seem to be outweighed by travelers concerns about safety.

The communications and utilities portions of the industry are expected to contribute slow steady growth during the next two years. For the most part, employment in these sectors is driven by population trends. Alaska's population is expected to continue to increase during the next two years. In-migration will be one source of population growth as refugees from the recession in the rest of the country seek opportunity in Alaska. Another source of population growth will be natural increase.

### Financial Sector Lags Behind

Despite record profits at Alaska's largest financial institutions, employment growth in this industry did not materialize during 1990. The banking shakeout is over, but its memory remains fresh in the minds of the survivors. Profits posted and a turnaround in Alaska's major real estate markets will probably produce some cautious expansion, but there is little reason to believe that the banking growth that occurred during the mid-80's is about to be repeated.

### Services, Trade will Flourish for a Number of Reasons

Alaska's trade and services industries will grow during the next two years in response to a variety of factors. Portions of these two industries behave similarly because they depend upon similar economic activities for a good portion of their business. For example, hotels and gift shops are tied to the fortunes of Alaska's tourism industry. Because tourism is expected to experience some healthy growth in the next two years, these two parts of services and trade are expected to thrive.

Since the outlook for the construction industry is good, that will benefit several sectors of services and trade. Wholesalers who service and sell heavy equipment will do well. Building supply and furniture stores should experience employment growth. Professional services to the construction industry like architects, engineers, and surveyors will benefit from healthy growth in the construction industry.

Some portions of trade and services will experience growth largely due to population increases. Demand for services like day care and health care will grow as the population increases. Food stores should also benefit from an increasing population.

Some sectors of these two industries are more dependent on a healthy economic outlook and the income of the general population. Car dealerships and some personal services like dry cleaners are two examples of this. The outlook for these types of businesses is also positive. The economic mood just about everywhere in the state is upbeat, and personal income continues to grow at a steady rate.

### Completion of Census Spurs Federal Employment Decline

During 1990 there was a temporary jump in federal government employment as census takers were added to the payrolls. These jobs will disappear in 1991, but federal government probably won't fall back to 1989 levels if plans to deploy a fighter squadron at Elmendorf Air Force Base happen. Although not figured into the forecast, there is potential for the loss of a good portion of the federal employee wage base. This could happen if the proposal to eliminate the cost-of-living allowance for certain employees should be implemented. Federal employment, and many communities' retail trade and services industries could be dealt a severe blow if the federal cost-of-living allowance is discontinued.

### State Slated for Employment Cuts

Two factors point to a drop in state government employment during the next two years. If oil prices come in as projected, there could be fiscal pressures on the state to downsize. Second, and probably most important, is the current administration's intent to operate state government on a leaner budget and work force. These factors will shape the state government work force during the next two years.

### Local Governments Hit By Growth in School-Age Population

Local government expansion has been education related during the past few years. Alaska's local school districts have had to respond to a growing school age population by hiring more employees and building new facilities. Even if there were no in-migration, this trend would be expected to continue through at least the next two years. In-migration will only add to the pressure on the districts. This points to continued growth in local government employment that is related to educating Alaska's youth.

A positive outlook in Alaska's real estate market may lead to some expansion in local government employment. Property valuations around the state are going up and may mean an expanded property tax base for local governments which could make some growth possible. What is most likely, however, is that this portion of local government employment will be stable. There may be some incremental increases due to a few new local governments forming and hiring small staffs.

### Summary: Slower But Healthy Growth Projected

After three straight years of strong employment growth, Alaska's economy is expected to turn in two more solid years of employment growth during 1991 and 1992. There will be some slowdown evident as the logging industry falters and mining growth slows from a torrid pace. The outlook for most of Alaska's industries is for continued employment growth, led by construction, mining, services and trade jobs. This is somewhat dependent on oil prices remaining at current levels; but with that proviso in mind, the outlook for Alaska's economy through 1992 looks like smooth sailing.

# Anchorage Could Achieve Record Employment in 1991-92

**By Neal Fried**

## Anchorage's economy now has two years of strong growth behind

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it. This forecast shows additional growth for two more years. If the forecast proves accurate, employment in Anchorage will reach a new high in 1991.

Nearly all of the ingredients are in place to keep Anchorage's economy moving ahead. Anchorage's population is growing briskly. The much-maligned banking industry is enjoying record profits. The Air Force plans to locate a new F-15 squadron at Elmendorf Air Force Base. A constant flow of positive real estate reports keeps spirits buoyed, and many industries are planning expansions.

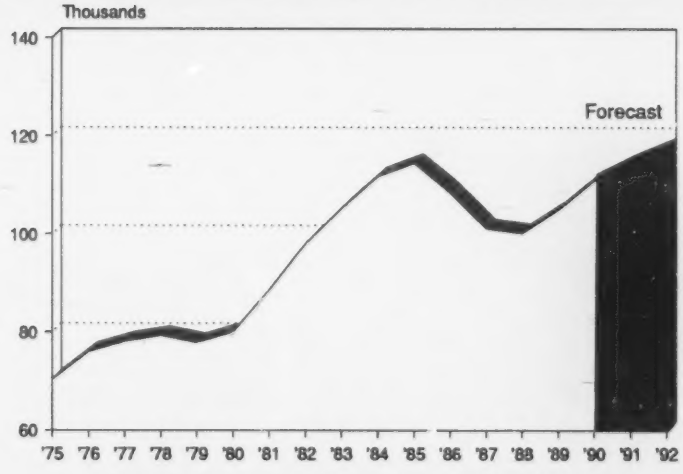
After prospering for two years, most of Anchorage is convinced that the economy is on firm ground. This psychological effect on the investment climate is not measurable, but it cannot be overlooked. Investors who took a wait-and-see attitude may now be ready to jump in. The momentum of the past two years will help carry Anchorage forward.

### Oil Price Uncertainty Is Cause For Caution

One ingredient could spoil the outlook for Anchorage's economy. Oil prices may fall sharply with the end of the war. This forecast is based on an oil price scenario which has North Slope oil prices at $14-$16/bbl. for 1991 and $15-$17/bbl. during 1992. However, if oil prices fall further than expected and low prices prevail for longer than assumed, oil carries the punch to derail this forecast.

Figure • 1

**Municipality of Anchorage Annual Average Nonagricultural Wage & Salary Employment 1975-1992**




Source: Alaska Department of Labor, Research and Analysis Section.

### Oil Industry Growth Dampens But Outlook Still Positive

After two exceptionally strong years, the rate of growth of Alaska's oil industry will decelerate but employment will not decline. The plans of BP Exploration and ARCO to consolidate services at Prudhoe Bay will cause some cutbacks in personnel. Completion of the $450 million gas handling

Table • 1

## Municipality of Anchorage Nonagricultural Wage & Salary Employment Forecast 1991-1992

| | 1989 Annual Average | 1990 Annual Average | Percent Change 89-90 | 1991 Annual Average | Percent Change 90-91 | 1992 Annual Average | Percent Change 91-92 |
|---|---|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 105,000 | 111,000 | 5.7% | 114,750 | 3.4% | 117,700 | 2.6% |
| Goods-producing | 10,600 | 11,900 | 12.3% | 13,000 | 9.2% | 13,450 | 3.5% |
| Mining | 3,550 | 3,850 | 8.5% | 4,000 | 3.9% | 4,200 | 5.0% |
| Construction | 4,900 | 5,750 | 17.3% | 6,600 | 14.8% | 6,800 | 3.0% |
| Manufacturing | 2,150 | 2,300 | 7.0% | 2,400 | 4.3% | 2,450 | 2.1% |
| Service-producing | 94,400 | 99,100 | 5.0% | 101,750 | 2.7% | 104,250 | 2.5% |
| Transportation | 10,100 | 11,000 | 8.9% | 11,300 | 2.7% | 11,650 | 3.1% |
| Trade | 25,400 | 26,100 | 2.8% | 26,800 | 2.7% | 27,600 | 3.0% |
| Wholesale Trade | 5,900 | 5,850 | -0.8% | 6,100 | 4.3% | 6,200 | 1.6% |
| Retail Trade | 19,500 | 20,200 | 3.6% | 20,700 | 2.5% | 21,250 | 2.7% |
| Finance-Ins. & Real Estate | 6,700 | 6,450 | -3.7% | 6,550 | 1.6% | 6,700 | 2.3% |
| Services & Misc. | 26,300 | 28,750 | 9.3% | 30,000 | 4.3% | 31,200 | 4.0% |
| Government | 25,900 | 26,850 | 3.7% | 27,100 | 0.9% | 27,100 | 0.0% |
| Federal | 10,200 | 10,450 | 2.5% | 10,450 | 0.0% | 10,550 | 1.0% |
| State | 7,250 | 7,700 | 6.2% | 7,800 | 1.3% | 7,650 | -1.9% |
| Local | 8,450 | 8,650 | 2.4% | 8,850 | 2.3% | 8,900 | 0.6% |

Totals may not add due to rounding.

*Source: Alaska Department of Labor, Research and Analysis Section.*

(GHX-1) project in 1990 will also make it difficult for the industry to continue the impressive employment gains made during the past two years.

This does not imply that North Slope will be a quiet place. Because many of the oil fields are aging, more effort is going into bringing the oil to the surface. As a result, there will be lots of oil well maintenance work, well overhauls, work on flow stations as well as drilling new wells during the next two years. In 1991 ARCO plans to drill 115 new wells, 40 more than they did in 1990.

Another boost in activity could come from plans to develop the Pt. McIntyre oil field on the North Slope. ARCO has already given the go-ahead. If the two other partners give it the green light, this field will be developed at an estimated cost of $727 million. The project could generate as many as 800 construction jobs. The oil companies' handsome 1990 profits should give them the ability to continue to make investments of this size in the future.

### Construction Outlook Is Good For Anchorage

Tight is the word most often used to describe the present Anchorage housing market. The sale of repossessed properties is no longer dominating the housing market. New construction will be an important share of the 1991-1992 Anchorage housing market. Residential construction activity could double in 1991 from the 395 building permits issued in 1990. The U.S. Department of Housing and Urban Development forecasts 1,550 new units over the next two years in Anchorage, including some multifamily and mobile home activity. Some believe the numbers could go higher but the state's lending institutions will probably keep a brake on new housing construction to prevent another collapse.

For the first time in five years commercial construction activity will breathe some new life into the Anchorage construction scene. The Alaska Railroad has put out a proposal for a new head-

quarters. The Veterans Administration is building a new six-story office building to consolidate their operations. The construction of a new $30-35 million hotel at Alyeska will begin in 1992. Other commercial activity is expected to occur.

A sizeable inventory of industrial real estate still exists but there could be some construction in that segment of the market during the forecast period. For example, Federal Express and Alaska Airlines may both build maintenance hangers.

Road construction activity will increase substantially in 1991. Major work will begin on the $50 million Glenn Highway four lane project from Eklutna to the Parks Highway. Work will continue on Raspberry Road. Tudor Road will undergo $8 million worth of rehabilitation. A number of other multi-million dollar projects will also get underway.

It appears other public sector construction will grow. The governor has submitted a list of $209 million worth of capital projects for the current fiscal year. Several public construction projects will get underway in Anchorage. In addition, increases in construction elsewhere in the state will benefit Anchorage's construction industry.

### Some Down Drafts In Air Transportation In 1991

Although Anchorage has been losing international air passenger traffic for several years, the air transportation industry has managed to avoid employment declines. In 1991 Anchorage will begin to feel the results of a dwindling number of international passengers. Not only are longer range jets and glasnost to blame; higher fuel prices and the war hastened the declines. Some companies tied to this business have already announced large layoffs. Several air carriers have trimmed their work forces. These losses will be more evident in 1991's economy because there will be no large corresponding increases elsewhere in air transportation to mask these declines—such as Federal Express's large increases of 1989-1990. Although not all is grim in this dynamic sector the down drafts will be particularly severe in 1991.

There are opportunities for growth, however, in Anchorage's air industry. A good chance exists that Federal Express, with the help of the Alaska Industrial Development Export Authority, will build a jet maintenance facility in Anchorage. The possibility exists that 55 Federal Express pilots and 12-15 technicians will relocate to Anchorage. Alaska Airlines is also looking at the possibility of a new facility for maintenance in Anchorage. United Parcel Service added about 100 employees in late 1990 to take care of their new Japan route. This will boost air transportation's 1991 numbers. There are indications other airlines may base more of their pilots out of Anchorage during the forecast horizon.

### Tourism Looks Good But Question Marks Exist

The outlook for tourism took many different twists and turns during the past year. Because of the national recession and high gasoline prices, the outlook for the tourism season looked bleak in late 1990. Then the specter of terrorism in Europe and sharp declines in gasoline prices suddenly made Alaska an attractive destination. Cruise ship operators are diverting ships to Alaska's waters and many tour operators are now predicting a good season.

A few nagging elements still exist. The national recession is one. The other is the ultimate effect the war will have on tourism. An answer to these two bedeviling questions won't exist until the season gets well underway.

### Moderate Growth In Trade and Services

Although growth will be moderate in these two industries, they will generate the largest number of new jobs because of their considerable size. Population and income growth will be a major source of stimulus for these industries. Most of retail trade, along with health services, will benefit from Anchorage's growing population. The projected increase in construction will boost engineering and architectural services. A healthy tourism season should boost employment in eating establishments, retail trade in general and hotel and lodging services.

New entries, such as the planned Costco Wholesale Corporation's warehouse, will also help boost the numbers. Layoffs related to the air industry at International In-Flight Catering and Duty Free Shoppers, however, will temper the industry's growth.

### Finance-Insurance and Real Estate Will Grow For The First Time In Five Years

After five years of employment losses, the finance-insurance and real estate industry will begin to grow again in 1991. The large financial institutions that now dominate Anchorage's market enjoyed healthy and, in some cases, record profits over the last year. By late 1990 one group of investors felt positive enough about the future that they formed the new Northrim Bank. Loan activity is on the upswing and most banks expect activity to accelerate during the next year. Because of this industry's recent turbulent history, their expansions will be done in small steps.

### Outlook for Public Sector Mixed

Federal civilian employment levels will experience little change during the next two years. A small decline may occur in 1991 because the 1990 Census Bureau's team has closed up shop. Small increases should occur in 1992 when the new F-15 fighter squadron is in place at Elmendorf Air Force Base. Little or no decline in the federal cost of living adjustment is assumed for the forecast period.

Declines will hit state government employment. The new administration plans to cut the operating side of the budget, which ultimately will mean fewer state employees. Although cuts will take place in 1991, they won't happen until the new fiscal year which begins in July. Therefore, over-the-year declines will probably not show up until 1992.

On the local level employment will perk up. The Anchorage School District is predicting record enrollments for the 1991-1992 school year. An attempt to improve the student:teacher ratio could also boost district employment.

### Competition Will Heat Up In The Labor Market

The perennially predicted national recession finally hit in 1990. Although Alaska will not join the nation in its present economic woes, the state will become host to a growing number of economic refugees. How many job seekers will decide to head north is difficult to say. All indications are that the number will be the largest Anchorage has seen in five years.

Because employment will grow in Anchorage, the labor market will absorb some of the job seekers. Their numbers, however, may grow faster than the number of new jobs. As a result, Anchorage's unemployment rate would rise and the Anchorage labor market would become more competitive for local job seekers. Employers will probably not have any difficulty finding employees and labor shortages will most likely disappear.

### Summary: The Next Two Years Should Be Good Ones for Anchorage

Strong in-migration, a new F-15 squadron, a buoyed real estate market, and an optimistic investment climate should keep Anchorage's economy moving forward during the next two years.

There is, however, one scenario that could turn this forecast upside down. There is the possibility that oil prices will soon fall steeply and will remain low for a considerable amount of time. If this were to happen the forecast would be considerably different.

Nearly all of Anchorage's industries are expected to grow. One with particular strength will be construction. This is because privately-funded construction, largely absent during the past five years, will complement the public construction.

More modest increases will come from the oil industry, retail trade and services. Tourism is a difficult call this year but it appears Alaska will enjoy another healthy season.

The public sector's picture is mixed. Federal government is expected to remain unchanged. State government is projected to decline slightly as the operating budget is trimmed. And local government will rise slightly as a result of growing school enrollments.

After two strong years of recovery, the expectation is for two more good years. If this proves true, Anchorage's employment will surpass the previous high reached in 1985.

# Fragile Growth Forecast for Fairbanks

by Holly Stinson

## The employment picture in Fairbanks was positive for the past two years, and should continue, albeit at a slower pace, for the next two years. Fairbanks' economy added 1,100 new jobs in 1989 and 650 in 1990. This forecast projects only 400 additional jobs in 1991—what might be termed fragile growth. Employment increases in the services-producing sector will drive Fairbanks' growth, while jobs in the goods-producing sector will likely decline.

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This forecast is based on the assumption that North Slope oil prices will be in the $14-$16/bbl. range in 1991 and $15-$17/bbl. range in 1992. Economic growth could easily be spoiled by $9/bbl. oil. Five years ago when oil prices hit this low mark Fairbanks lost more than 2,000 jobs (on an annual average basis) in one year. More than half of that decline, however, was in the construction industry, which has a much smaller share of Fairbanks' economy today. Low oil prices could indeed derail growth, but the scenario would be different than in the past.

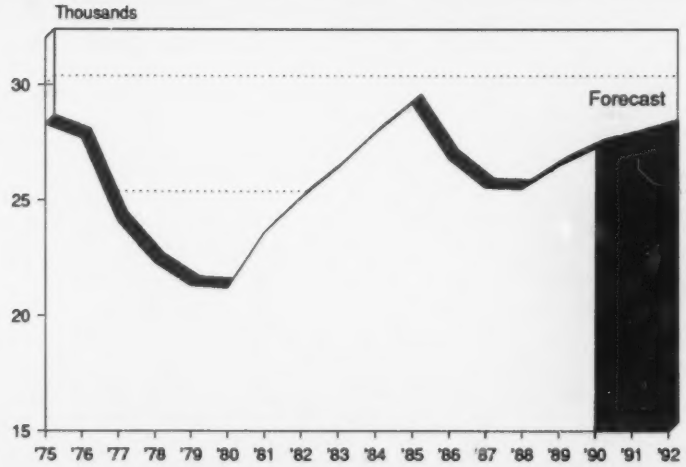
### Military Construction Will Be Missed

While Fairbanks' construction industry is smaller than in the past, it is still vulnerable to government spending. The single largest reason for the continued drop in construction jobs during this forecast period is the decrease in the military construction budget. Some projects will keep the construction industry from declining further, but not enough to offset the missing military work which has meant hundreds of construction jobs over the past three years.

These other construction projects include a Fred Meyer retail store with a targeted completion date of October 1991 and a new Carr's grocery operation in 1992. Following many years of speculation, Sears Roebuck & Company will open a full service store in November 1991. Princess Tours plans to break ground in May 1991 for a two-year, $10 million hotel project. The Department of Transportation will spend close to $30 million in each of the next two years on road construction in Fairbanks. (Up from $22.8 million in 1990.) In this same time frame, the University of Alaska Fairbanks will spend $30 million in federal funds for new facilities at their rocket range. Repair work on the

Figure • 1

**Fairbanks North Star Borough Annual Average Nonagricultural Wage & Salary Employment 1975-1992**




Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

## Fairbanks North Star Borough Nonagricultural Wage & Salary Employment Forecast 1991-1992

| | 1989 Annual Average | 1990 Annual Average | Percent Change 89-90 | 1991 Annual Average | Percent Change 90-91 | 1992 Annual Average | Percent Change 91-92 |
|---|---|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 26,600 | 27,250 | 2.4% | 27,650 | 1.5% | 28,200 | 2.0% |
| Goods Producing | 2,450 | 2,300 | -6.1% | 2,200 | -4.3% | 2,250 | 2.3% |
| Mining | 150 | 150 | 0.0% | 150 | 0.0% | 200 | 33.3% |
| Construction | 1,750 | 1,550 | -11.4% | 1,450 | -6.5% | 1,450 | 0.0% |
| Manufacturing | 550 | 600 | 9.1% | 600 | 0.0% | 600 | 0.0% |
| Services Producing | 24,150 | 24,950 | 3.3% | 25,450 | 2.0% | 25,950 | 2.0% |
| Transportation | 1,900 | 2,000 | 5.3% | 2,100 | 5.0% | 2,150 | 2.4% |
| Trade | 5,800 | 5,950 | 2.6% | 6,200 | 4.2% | 6,450 | 4.0% |
| Wholesale Trade | 700 | 750 | 7.1% | 800 | 6.7% | 800 | 0.0% |
| Retail Trade | 5,100 | 5,200 | 2.0% | 5,400 | 3.8% | 5,650 | 4.6% |
| Finance-Ins. & Real Estate | 800 | 800 | 0.0% | 800 | 0.0% | 850 | 6.3% |
| Services & Misc. | 5,950 | 6,200 | 4.2% | 6,400 | 3.2% | 6,550 | 2.3% |
| Government | 9,700 | 10,000 | 3.1% | 9,950 | -0.5% | 9,950 | 0.0% |
| Federal | 3,100 | 3,100 | 0.0% | 3,050 | -1.6% | 3,050 | 0.0% |
| State | 4,000 | 4,200 | 5.0% | 4,150 | -1.2% | 4,100 | -1.2% |
| Local | 2,600 | 2,700 | 3.8% | 2,750 | 1.9% | 2,800 | 1.8% |

Totals may not add due to rounding.

*Source: Alaska Department of Labor, Research and Analysis Section.*

Trans-Alaska pipeline in 1991 may also help the construction industry from further decline.

What is important about all of these projects is that they are funded almost 100% by private firms or the federal government and therefore are not subject to the vagaries of the state's capital budget. State spending on capital projects in Fairbanks would mean jobs additional to those forecast, and could possibly keep employment in this industry from dropping during 1991 and 1992.

### Mining Industry As A Whole Will Be Steady

The other two industries in the goods-producing economic sector—mining and manufacturing—are not projected to change much during 1991 and 1992. If metal prices continue to decline, mining employment in Fairbanks will do well to hold even with 1990.

The biggest potential gold mine in the area, Ft. Knox, is up for sale. The current owners explored the gold deposit extensively in 1990; activity will continue in 1991 but the budget will be about half of last year's. If the owners find a buyer or partner, development could begin in 1992 and the mine could be in operation in 1994. Potential exists for many additional jobs in the future, but 1991 will see fewer jobs at the site than in 1990. Increased sand and gravel operations to meet road construction needs should offset a decrease in hard rock mining employment and keep the industry on an even keel.

### Shopping Choices Will Increase

Fairbanks' trade sector is forecast to add 250 jobs in 1991. The new Fred Meyer store, scheduled to open in late October or early November, will employ 400-500 people. Carr's Quality Centers anticipates hiring 200-250 employees when their new store opens in 1993. The retailers now planning for additional facilities in Fairbanks would not be doing so if they didn't believe a market existed to justify new stores. The Fairbanks population trend has been steadily upward for the last three years. The 1990 census showed there are 77,720 residents of the Fairbanks North Star Borough. A population increase creates additional demand for both trade and services, especially when coupled with an increase in income. Sears Roebuck & Company will hire an

additional 70 employees when their new store opens in late 1991.

Military personnel and their families account for about 5,000 of the new residents in the last five years. The population is now 25% military (including dependents) compared to 20% in 1985. The military population should remain stable during this forecast's time frame, as neither Eielson Air Force Base nor Ft. Wainwright is slated for additional growth. However, the Fairbanks military bases have been mentioned as a possibility for a relocation of troops now stationed overseas.

### A Growing Population and Tourism Industry Demand More Services

Another sector of the economy benefitting from a rise in population is services. This industry grew 4.2% in 1990 and is forecast to grow at a 3.2% rate in 1991. With more people comes a greater demand for health care, recreation, auto repair and social services. An expanding economy also creates more demand for business-related services.

Tourists and convention-goers also create demand for the above-named services in addition to lodging facilities. Hotel room receipts in Fairbanks were 18% higher for the first three quarters of 1990 compared to the same period in 1989. How successful the next year's tourism season will be is always an unanswered question. One large operator in Fairbanks expects 1991 to be the same or better than 1990, while another reports advance bookings running well ahead of last year.

Fairbanks hosts a considerable number of independent travelers, especially the "rubber-tire" crowd who drive up from the Lower 48. Initial fears of high gasoline prices putting a damper on the 1991 season were calmed by March. Indications are that gasoline prices will remain low enough to maintain an influx of travelers in their own vehicles.

### New Arrivals Boost Real Estate

In addition to tourism traffic, 1991 should see an increase in one-way travelers arriving from the widespread economic recession in the Lower 48. Any new arrivals settling in Fairbanks will only help the real estate sector. Residential construction in Fairbanks is still virtually non-existent. The local real estate market continues to improve, with fewer units on the market at higher asking prices, but the improvements are slight and lenders are extremely cautious after the recent years of losses. At the same time, foreclosures (and the personnel needed to process them) are down. For these reasons the Fairbanks finance-insurance and real estate industry is forecast to sustain current employment for 1991 and grow a minimal amount in 1992.

### Transportation Employment Travels Upward

Lufthansa's relocation of their cargo operations from Anchorage to Fairbanks in September 1990 was good news for the transportation sector. So was MarkAir's decision to locate their maintenance facilities in Fairbanks. These operations, along with increased activity of smaller operators, should help boost air transportation jobs in 1991. Trucking firms will benefit from oil projects on the North Slope, pipeline repairs and other construction activity. All of the above should make for an overall increase in transportation jobs in 1991.

### Fairbanks' Largest Employer, Government, Will Shrink

Fairbanks large government sector should shrink somewhat in the next two years. On the federal side, an absence of census workers along with a stable civilian workforce on the military bases will contribute to a small decline. If the state's operating budget during the next two years becomes smaller, as anticipated, employment will also shrink. Local government should expand only because of an increase in education jobs necessitated by a constantly increasing school enrollment. Although the need is there the funding still is not guaranteed. Also, depending on revenue received from the state, even higher education employment could be offset by a decline in local government operations.

### Summary: Continued but Slowing Growth for Fairbanks

The Fairbanks economy is forecast to grow at a fairly slow pace for the next two years—1.5% in 1991 and 2% in 1992. If projections hold true, Fairbanks' mining and manufacturing jobs will hold steady while construction contracts somewhat. Transportation employment, on an upward trend in 1990, should continue growing.

An increasing population—both military and civilian—has given the trade and services industries a boost. As a result, construction of one large new retail store is underway and another is planned. New arrivals from the Lower 48 should give an additional boost to trade and services, as well as help improve the real estate picture in Fairbanks.

The Fairbanks economy should add just 400 new jobs in 1991, and 550 in 1992. The growth forecast is fragile—it wouldn't take much to see employment losses instead of gains. Oil prices, the state's operating and capital budgets, and projects planned by the private sector all hold the potential for an uncertain future in Fairbanks and, indeed, the state.

# Mixed Forecast for Diverse Southeast Economy

by Brian N. Rae

## To forecast the future, it helps to have a thorough

understanding of the past. Over the last 15 years, almost every major industry and every community in Southeast has been through one or more boom/bust cycles. The diversity of the region's economy and the isolation of its various communities helps "average out" the strong and weak industries, keeping Southeast Alaska on a relatively stable path of economic growth.

Saying that Southeast employment has, on average, been relatively stable ignores the dramatic swings which have occurred in the different industries and regions of the area. While Juneau depends on government employment, cities like Petersburg rely on the fishing industry, Skagway on tourist related industries, and Thorne Bay on the timber industry. To get an idea of how each community will fare over the next two years, it helps to identify the major industries in a community and then look at their employment potential.

### Booms and Busts (And Maybe Just Holding Even) In the Goods-Producing Industries

Southeast supports four major goods producing industries: mining; construction; seafood processing; and timber. This employment forecast will start with the smallest industry first.

Mining is not the newest industry to the region, it is just the industry with the longest business cycle. Alaska's mining industry faced a downturn in the beginning of this century, and has just started to recover over the last few years. The technology, capitalization and construction of a large scale mining venture takes several years between conception and production.

Several mining projects are currently being studied. It is likely that some of these will become producing mines before the end of this century. In the Juneau area, the Kensington mine seems first in line for development. Construction is currently underway at the site, along with continued exploration and design work. The Jualin and the Alaska-Juneau mines are the other two mines most likely to see development in the Juneau

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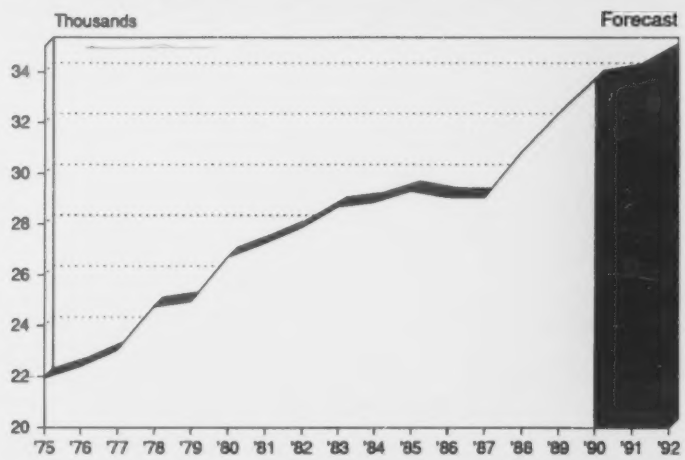
Figure • 1

**Southeast Alaska Annual Average Nonagricultural Wage & Salary Employment 1975-1992**




Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

## Southeast Alaska Nonagricultural Wage & Salary Employment Forecast 1991-1992

| | 1989 Annual Average | 1990 Annual Average | Percent Change 89-90 | 1991 Annual Average | Percent Change 90-91 | 1992 Annual Average | Percent Change 91-92 |
|---|---|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 32,350 | 33,700 | 4.2% | 33,950 | 0.7% | 34,750 | 2.4% |
| Goods-producing | 6,550 | 6,500 | -0.8 | 6,450 | -0.8 | 6,775 | 5.0 |
| Mining | 300 | 350 | 16.7 | 375 | 7.1 | 425 | 13.3 |
| Construction | 1,100 | 1,150 | 4.5 | 1,325 | 15.2 | 1,550 | 17.0 |
| Manufacturing | 5,150 | 5,050 | -1.9 | 4,750 | -5.9 | 4,800 | 1.1 |
| Seafood | 1,350 | 1,350 | 0.0 | 1,350 | 0.0 | 1,350 | 0.0 |
| Lumber & Wood | 2,550 | 2,550 | 0.0 | 2,225 | -12.7 | 2,250 | 1.1 |
| Service-producing | 25,850 | 27,200 | 5.2 | 27,525 | 1.2 | 27,950 | 1.5 |
| Transportation | 2,450 | 2,650 | 8.2 | 2,750 | 3.8 | 2,850 | 3.6 |
| Trade | 5,200 | 5,400 | 3.8 | 5,525 | 2.3 | 5,625 | 1.8 |
| Wholesale | 550 | 600 | 9.1 | 575 | -4.2 | 550 | -4.3 |
| Retail | 4,650 | 4,850 | 4.3 | 5,000 | 3.1 | 5,075 | 1.5 |
| Finance-Ins. & Real Estate | 1,050 | 1,050 | 0.0 | 1,050 | 0.0 | 1,050 | 0.0 |
| Services & Misc. | 5,150 | 5,650 | 9.7 | 5,850 | 3.5 | 6,100 | 4.3 |
| Government | 12,000 | 12,400 | 3.3 | 12,350 | -0.4 | 12,325 | -0.2 |
| Federal | 2,050 | 2,150 | 4.9 | 2,200 | 2.3 | 2,225 | 1.1 |
| State | 5,450 | 5,550 | 1.8 | 5,425 | -2.3 | 5,300 | -2.3 |
| Local | 4,500 | 4,650 | 3.3 | 4,725 | 1.6 | 4,825 | 2.1 |

Totals may not add due to rounding.

*Source: Alaska Department of Labor, Research and Analysis Section.*

area. These projects could be joined by several other promising deposits in southern Southeast; but none of these will see much development within the next two years.

Direct mining employment gains during this forecast period will be fairly small. (See Table 1.) Most mining jobs will occur in the exploration for new deposits and the management of current mine development and construction. Small gains in mining employment, however, does not mean there will not be a larger employment impact from mine development. Industries such as transportation, construction, services and trade will all be affected by mine development.

### World Markets Take a Regional Toll

The industry with the most lackluster performance in Southeast during the next two years will be timber. For the past several years, the industry has operated under the cloud of unknown legislation called the Tongass Timber Reform Act. Legislative and regulatory uncertainty did not keep the industry from prospering during the good markets of the late 1980s; although the threat of significant changes in the management of the forest probably influenced some business decisions. During 1990, the act finally took shape, but another more immediate problem came to light.

Markets for Alaskan timber products were weakening on several different fronts. The Japanese market absorbed all of the top quality timber it could find; and Alaskan producers were able to supply some of the most cherished woods. "Westernization" of many younger Japanese consumers, changing construction techniques and competing sources of quality timber have all

forced demand for Alaskan timber products downward.

Changes around the world and in the Lower 48 are also affecting demand for other Alaska wood products. An old material made a dramatic comeback several years ago. Rayon, a product made from the dissolving pulp produced by the mills in Sitka and Ketchikan, won newfound popularity in the textile industry as well as in industrial applications. This increased demand helped boost prices during the late 1980s.

Markets for Southeast pulp extended to communist bloc countries, India, Pakistan and the Far East. Changes in the economic makeup of many of these countries, their emphasis on decreasing dependency on imported products, shortages of hard currency, and other factors have combined to wreak havoc in the market. Demand for rayon is outpacing production. Prices for the finished product are at an all time high. Prices for dissolving pulp, however, have weakened over the last several months.

Neither mill has much leeway in the rate at which it produces dissolving pulp. For that reason, inventory must act as a short term buffer of market forces. If inventory becomes too great, a mill may be forced into a temporary shutdown. Such was the case in November of last year, when the Sitka mill shut down for several weeks. Industry analysts forecast a turnaround in the price of dissolving pulp, probably during the third or fourth quarter of 1991.

Tongass Timber Reform Act requirements will affect the industry during 1991 and 1992. There are currently concerns about the allowable harvest limits and how they will be distributed between the two long-term contract holders and other companies. In addition, disputes continue over the harvesting of previously allocated tracts. It will probably be the end of 1991 before the Forest Service can implement a new forest management plan consistent with the Tongass Timber Reform Act. By 1992, some new sale areas should be available to harvest, and employment should turn around.

**New Products, Processes Might Boost Seafood Employment**

Seafood processing employment should remain flat over the forecast period. This does not represent a weakness in the industry, but rather reflects some basic economic realities. Employment in the industry has been very high the last couple of years. There appears to be little room for employment growth during the peak summer seasons. Employers often have a hard time filling processing positions, recruiting from outside Alaska in many instances. There are processing plants in most areas which have fisheries large enough to support such ventures. (There are some exceptions to this. In some areas where hatchery programs have been successful, there might be large enough returns to warrant building a processing facility.)

Much of the employment increase in seafood processing has occurred during the off-season months, with new products keeping facilities open longer and providing jobs. The increased activity in bottomfishing over the last several years has helped push annual average employment levels upward. Some new fisheries might also boost employment if current problems can be corrected.

Two such fisheries are for sea urchin (uni) and sea cucumber. Both of these products are seen as delicacies in Japan, the primary market for uni and cucumber producers. As such, the products must be carefully harvested, prepared and packaged, making these fisheries labor intensive operations.

Several smaller processors have attempted to break into this market, with mixed results. Several problems have yet to be worked out in these new fisheries. Maximum sustainable harvest limits are still an unknown, so resource managers are being conservative in allocating harvest quotas. Processing is very labor intensive at this time, increasing the cost and/or decreasing the profit of the processor. Finally, packaging and delivering the product in a manner acceptable to Japanese buyers have presented problems to the processors. Many of the first shipments were rejected because of improper handling. These first ventures do, however, hold promise for

diversifying the seafood processing industry in the future, and increasing year-round employment.

### Construction Enjoys Tight Housing Market, Mining Developments

The final major goods-producing industry in Southeast is construction; its outlook is the brightest of all. Mining's future projects are the construction projects of today. Developments at the Kensington mine should boost employment significantly over the forecast period. At peak development, the mine is expected to employ 500 construction workers. Although this peak will probably not occur within the forecast period, increased activities will be seen in both 1991 and 1992.

The tightening housing market of the last several years should finally be reflected in increased residential construction. Plans for housing developments exist in several Southeast communities. Individual residential construction should also rise in comparison to the last several years. Finally, employment related to capital project construction in 1991 should be slightly higher than 1990 levels.

The scale of most publicly funded projects in Southeast is small; but there appear to be more of them than in past years. Most every community seems to have some road, electrical, water or sewer project in the works for 1991. Larger scale projects like reservoirs and schools are on line in some communities, and should extend into 1992. Getting a handle on 1992 public construction projects is difficult; but any declines should be offset by increased employment occurring with mine development in the region.

### Service-Producing Industries

The service-producing industries led employment growth in 1990. This trend will probably continue into 1991. Growth will be much less than in 1990, but there are some good reasons for this. Cumulative gains in the service-producing industries will more than offset declines in some goods-producing industries.

The services industry employment will show the largest increase in 1991, up by 200 compared to 1990's level. When compared to the employment jump between 1989 and 1990, gains in 1991 seem slightly lethargic. One event in 1990, the filming of *White Fang*, will probably not reoccur during the forecast period.

### Service Employment Continues Growth (Even Without *White Fang*)

It seems unlikely that a Southeast community will serve as the film location for a major motion picture in the next two years. Last year's services employment figures were inflated by the filming of *White Fang* in Haines. Although the 400+ temporary employees showed up in the 1990 employment numbers, most earned very little money. Businesses will certainly miss the extra money the movie brought to Haines. The amount of payroll circulating through the community because of *White Fang* was, however, actually quite small. For that reason, the loss of these jobs will have much less of an impact than would a similarly sized loss of full-time, permanent jobs.

Much of the increase in services will be associated with increased tourism; mainly caused by the rebooking of some cruiseships from the Mediterranean to Alaska. Whether these ships return to Alaska in 1992 is uncertain; but at this time it seems unlikely that they will return. When the employment blip caused by *White Fang* is removed from the 1990 employment figures, this diverse industry shows strong but diminishing growth through the two years of the forecast. For 1991, approximately 300 new jobs (with the exclusion of *White Fang* employment last year) will be created. While for 1992 an additional 250 jobs will be added to the services industry.

### Government Employment Dropping Slightly

The other industry with an employment disruption is government. Last year's census employment boosted Southeast's federal government employment higher than would normally be expected. The two years of the forecast should see federal government continue to grow, but at a less rapid pace than in 1990. While federal employment has been trending upward over the

past several years, much of the increase during the forecast period will be in employment related to evaluating and implementing the Tongass Timber Reform Act.

State government employment is expected to decline during the forecast period. Attrition, relocation and program cuts will all be factor in this decline. Increasing populations and the transferring of responsibilities to provide more services to residents should boost local employment figures. Higher school enrollments are already forcing districts to remodel or build new facilities; personnel will have to be hired to staff these facilities.

### Transportation, Trade Continue to Grow

The transportation, communications and utilities industry (TCU) has been growing strong over the past several years. Last year, TCU's more than 8% rate of growth far outpaced the robust growth of the overall economy. This industry serves many different types of clients, and is affected by many different factors. A declining timber industry will hurt some companies; but increasing populations, tour ship visits, and utility projects will help others. For 1991, declines in the goods producing sector will pull down last year's high growth rates. While the industry cannot hope to continue at the 1990 pace, there seem to be more than enough projects still on-line to keep the industry growing throughout the two years of the forecast period. At the end of two years, TCU should register one of the largest gains of all service industries.

Trade has also been a solid performer over the last two years, with the wholesale side growing at a 9.1% growth rate. The industry has taken advantage of both a stronger Southeast economy and new markets to increase its employment. Weakness in some areas, particularly in those communities dependent to a large degree on the timber industry, will negatively affect some players in this industry. Such declines will be felt on both the retail and the wholesale side of the industry. Still, like many of the other service-producing industries, certain segments will be helped by increased tourism, new mine and construction developments, and increased populations in some areas. Overall, trade should stay ahead of the economy and perform better than the average of the service-producing industries in terms of employment growth.

### FIRE Flat During Next Two Years

Southeast's finance-insurance and real estate firms should expect flat employment over the next two years. Although not hit as hard as many other regions of the state, the region's firms still felt the effect of the crash in real estate prices and state revenues. Southeast firms were not immune to consolidations and mergers. Although no Southeast based banks were taken over by the FDIC, many branches of such banks were located in the region. After having gone through such turbulent times, the financial side of the industry seems to have stabilized its employment. It is expected that there will be little change in these levels over the next two years.

Wild cards in the FIRE employment projections are the Native corporations, which will be affected in two different ways over the next two years. Many of the village corporations have put a lot of their efforts into managing their timber during the last several years. Now, many of these corporations have nearly reached the end of their marketable timber. (This is particularly true considering the current weakness in the timber market, making marginal stands less viable for harvest.) These corporations may soon be looking for new ventures, potentially changing the numbers and types of people employed by the corporations. Additionally, 1992 marks the end of several tax advantages given to the corporations under ANCSA legislation of 1971. How the corporations will respond to this regulatory change is as yet unknown.

### Summary: Two Years of Growth, But Not Everywhere Equal

The diversity that makes the Southeast economy one of the state's most consistent performers also makes it one of the most difficult to easily characterize. For parts of Southeast, and for certain employers in a particular community, the next two years should be prosperous ones. In other areas and for other employers, the next two years might be the most difficult they have faced in several years. Fortunately, the interrelationships between Southeast's many communities will help, at least to some degree, average out these good and bad times to come.

# Economy Begins Seasonal Climb in February

by Holly Stinson

## In February Alaska's economy began its seasonal employment climb from January's mid-winter low. Alaska added 5,200 jobs, making 1991's February employment 2.9% higher than 1990's. (See Table 1.) Only two industries experienced over-the-month job losses: construction lost 100 jobs statewide while retail and wholesale trade businesses continued post-holiday layoffs.

The unemployment rate remained unchanged from January's 8.8%. (See Table 4.) While this is a slightly higher rate than a year ago, it is historically a relatively low rate for Alaska in February. Typical unemployment rates at this time of year are above 10%. (See Figure 1.) As spring approaches and the recession continues in many parts of the nation, Alaska will become even more attractive to job seekers from outside the state. The result could be that Alaska's unemployment rate remains high even as employment opportunities expand.

Table • 1

**Nonagricultural Wage and Salary Employment By Place of Work — Alaska**

| | p/ 2/91 | r/ 1/91 | 2/90 | Changes from: 1/91 | Changes from: 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 227,100 | 221,900 | 220,600 | 5,200 | 6,500 |
| Goods-producing | 32,700 | 30,700 | 30,800 | 2,000 | 1,900 |
| Mining | 11,000 | 10,800 | 10,300 | 200 | 700 |
| Construction | 7,900 | 8,000 | 7,400 | -100 | 500 |
| Manufacturing | 13,800 | 11,900 | 13,100 | 1,900 | 700 |
| Durable Goods | 2,800 | 2,300 | 2,600 | 500 | 200 |
| Lumber & Wood Products | 2,100 | 1,600 | 1,900 | 500 | 200 |
| Nondurable Goods | 11,000 | 9,600 | 10,500 | 1,400 | 500 |
| Seafood Processing | 7,300 | 5,800 | 6,900 | 1,500 | 400 |
| Pulp Mills | 900 | 900 | 900 | 0 | 0 |
| Service-producing | 194,400 | 191,200 | 189,800 | 3,200 | 4,600 |
| Transportation | 19,400 | 19,300 | 18,400 | 100 | 1,000 |
| Trucking & Warehousing | 2,400 | 2,400 | 2,300 | 0 | 100 |
| Water Transportation | 1,200 | 1,100 | 1,100 | 100 | 100 |
| Air Transportation | 6,200 | 6,200 | 6,000 | 0 | 200 |
| Communications | 3,400 | 3,400 | 3,200 | 0 | 200 |
| Trade | 43,700 | 44,000 | 42,500 | -300 | 1,200 |
| Wholesale Trade | 7,800 | 7,900 | 7,600 | -100 | 200 |
| Retail Trade | 35,900 | 36,100 | 34,900 | -200 | 1,000 |
| Gen. Merch. & Apparel | 5,600 | 5,900 | 5,300 | -300 | 300 |
| Food Stores | 6,300 | 6,400 | 6,200 | -100 | 100 |
| Eating & Drinking Places | 12,000 | 11,900 | 12,000 | 100 | 0 |
| Finance-Ins. & Real Estate | 10,300 | 10,200 | 10,000 | 100 | 300 |
| Services & Misc. | 49,500 | 48,900 | 47,900 | 600 | 1,600 |
| Hotels & Lodging Places | 4,500 | 4,500 | 4,400 | 0 | 100 |
| Government | 71,500 | 68,800 | 71,000 | 2,700 | 500 |
| Federal | 17,800 | 17,800 | 18,200 | 0 | -400 |
| State | 21,800 | 20,000 | 21,600 | 1,800 | 200 |
| Local | 31,900 | 31,000 | 31,200 | 900 | 700 |

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates r/ denotes revised estimates

*Source: Alaska Department of Labor, Research & Analysis Section.*

### Oil Industry Continues Strong Growth In Northern Region

The Northern region led the state with the highest employment growth rate in February. (See Figure 2.) Mining, which accounts for over one-third of wage and salary employment in the area, was responsible for most of the over-the-year growth. Within this industry, the oil and gas sector continues to show strong growth on the North Slope.

ARCO began work on GHX-2, a new gas-handling facility, just after completing GHX-1. ARCO also approved development of the Point McIntyre field west of Prudhoe Bay. Once the other two partners (Exxon and BP) approve, production could begin by late 1992 through existing facilities at the Lisburne field. In addition to this new field, the major operators on the North Slope plan new drill sites, reworking of others, and expanded infrastructure at existing fields in 1991.

### New Mining, Retail Ventures In Store For Fairbanks

Neighbors to the south of the North Slope received some unusual news from the mining industry in February. One mining firm, Tri-Valley, announced they will trade stock in their company to a Soviet research institute in return for exploration rights on their property southeast of Fairbanks. The Soviets plan to put new exploration technology to use with an aerial survey this spring.

For now, though, employment in the mining and other goods-producing industries in Fairbanks remained flat or lost ground. All of February's over-the-year employment gains were on the service-producing side.

Retail trade employment showed over-the-year gains in Fairbanks, in spite of 100+ jobs lost last February when the clothing retailer Nordstrom closed. (See Table 2.) One large retailer, Sears Roebuck, announced plans to open a new full-service store in Fairbanks by November. They will renovate an existing building located less than a mile from the new Fred Meyer retail store which also plans to open by November. Sears is counting on attracting customers from rural villages in the Interior in addition to the increasing civilian and military population in the Fairbanks area.

In other industries, transportation and services jobs also increased above last February's levels. State and local government employment was on the rise because of a higher number of education jobs, while the loss of census workers contributed to the decline in federal government employment.

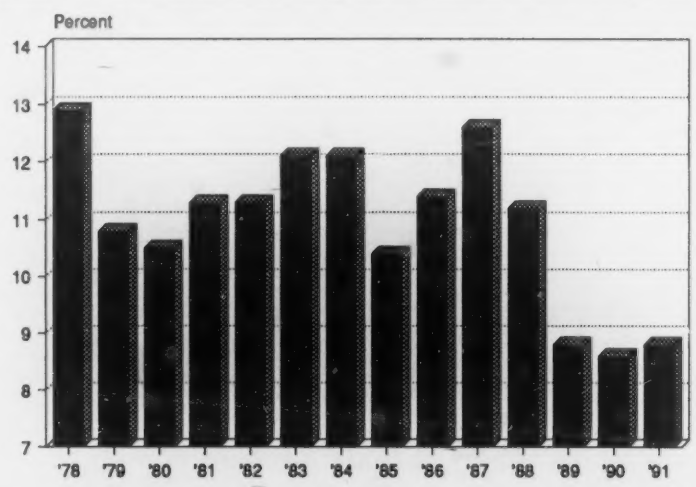
### A Turning Point for Anchorage's Commercial Real Estate Market

Except for an over-the-year decline in federal employment, all industries in Anchorage had more jobs this February than last. (See Table 2.) The Anchorage economy continues adding jobs at growth rates of more than 3%. Even Anchorage's long-dormant commercial real estate market is showing signs of life. The residential real estate market is recovering much faster than the commercial side, with most commercial activity in the renovation of existing facilities. Anchorage's commercial side marked a turning point, however, in February when the Alaska Railroad solicited bids for a new building to house their administrative offices. This will be the first large new office

*(continued on page 22)*

Figure • 1

**Alaska's Unemployment Rates for February, 1978-1991**




Source: Alaska Department of Labor, Research & Analysis

Table • 2

# Nonagricultural Wage and Salary Employment By Place of Work

## Municipality of Anchorage

| | p/ 2/91 | r/ 1/91 | Changes from: 2/90 | 1/91 | 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 109,450 | 107,700 | 105,900 | 1,750 | 3,550 |
| Goods-producing | 10,400 | 10,250 | 9,850 | 150 | 550 |
| Mining | 4,000 | 3,900 | 3,850 | 100 | 150 |
| Construction | 4,450 | 4,350 | 4,100 | 100 | 350 |
| Manufacturing | 1,950 | 2,000 | 1,900 | -50 | 50 |
| Service-producing | 99,050 | 97,450 | 96,050 | 1,600 | 3,000 |
| Transportation | 10,800 | 10,550 | 10,200 | 250 | 600 |
| Trucking & Warehousing | 1,350 | 1,400 | 1,400 | -50 | -50 |
| Water Transportation | 300 | 300 | 250 | 0 | 50 |
| Air Transportation | 4,000 | 3,900 | 3,900 | 100 | 100 |
| Communications | 2,050 | 2,000 | 1,850 | 50 | 200 |
| Trade | 25,300 | 25,450 | 24,800 | -150 | 500 |
| Wholesale Trade | 5,800 | 5,750 | 5,600 | 50 | 200 |
| Retail Trade | 19,500 | 19,700 | 19,200 | -200 | 300 |
| Gen. Merch. & Apparel | 2,850 | 3,000 | 2,850 | -150 | 0 |
| Food Stores | 3,100 | 3,150 | 3,050 | -50 | 50 |
| Eating & Drinking Places | 7,500 | 7,350 | 7,350 | 150 | 150 |
| Finance-Ins. & Real Estate | 6,500 | 6,450 | 6,450 | 50 | 50 |
| Services & Misc. | 29,150 | 28,700 | 27,700 | 450 | 1,450 |
| Hotels & Lodging Places | 2,400 | 2,400 | 2,300 | 0 | 100 |
| Government | 27,300 | 26,300 | 26,900 | 1,000 | 400 |
| Federal | 10,400 | 10,350 | 10,500 | 50 | -100 |
| State | 8,200 | 7,450 | 7,750 | 750 | 450 |
| Local | 8,700 | 8,500 | 8,650 | 200 | 50 |

## Fairbanks North Star Borough

| | p/ 2/91 | r/ 1/91 | Changes from: 2/90 | 1/91 | 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 25,850 | 25,650 | 25,400 | 200 | 450 |
| Goods-producing | 1,550 | 1,700 | 1,700 | -150 | -150 |
| Mining | 100 | 100 | 100 | 0 | 0 |
| Construction | 950 | 1,100 | 1,100 | -150 | -150 |
| Manufacturing | 500 | 500 | 500 | 0 | 0 |
| Service-producing | 24,300 | 23,950 | 23,700 | 350 | 600 |
| Transportation | 1,850 | 1,850 | 1,700 | 0 | 150 |
| Trucking & Warehousing | 450 | 450 | 400 | 0 | 50 |
| Air Transportation | 450 | 450 | 400 | 0 | 50 |
| Communications | 300 | 300 | 300 | 0 | 0 |
| Trade | 5,400 | 5,550 | 5,300 | -150 | 100 |
| Wholesale Trade | 700 | 750 | 750 | -50 | -50 |
| Retail Trade | 4,700 | 4,800 | 4,550 | -100 | 150 |
| Gen. Merch. & Apparel | 550 | 550 | 500 | 0 | 50 |
| Food Stores | 750 | 750 | 750 | 0 | 0 |
| Eating & Drinking Places | 1,700 | 1,700 | 1,600 | 0 | 100 |
| Finance-Ins. & Real Estate | 750 | 750 | 800 | 0 | -50 |
| Services & Misc. | 6,100 | 6,050 | 5,850 | 50 | 250 |
| Government | 10,200 | 9,750 | 10,050 | 450 | 150 |
| Federal | 2,950 | 2,950 | 3,050 | 0 | -100 |
| State | 4,350 | 3,900 | 4,250 | 450 | 100 |
| Local | 2,900 | 2,900 | 2,750 | 0 | 150 |

## Anchorage-MatSu Region

| | p/ 2/91 | r/ 1/91 | Changes from: 2/90 | 1/91 | 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 116,650 | 114,900 | 112,700 | 1,750 | 3,950 |
| Goods-producing | 10,850 | 10,800 | 10,150 | 50 | 700 |
| Mining | 4,100 | 4,000 | 3,850 | 100 | 250 |
| Construction | 4,700 | 4,700 | 4,300 | 0 | 400 |
| Manufacturing | 2,050 | 2,100 | 2,000 | -50 | 50 |
| Service-producing | 105,800 | 104,100 | 102,550 | 1,700 | 3,250 |
| Transportation | 11,450 | 11,250 | 10,900 | 200 | 550 |
| Trade | 27,100 | 27,200 | 26,450 | -100 | 650 |
| Finance-Ins. & Real Estate | 6,950 | 6,950 | 6,850 | 0 | 100 |
| Services & Misc. | 30,450 | 30,050 | 28,950 | 400 | 1,500 |
| Government | 29,850 | 28,650 | 29,400 | 1,200 | 450 |
| Federal | 10,450 | 10,400 | 10,650 | 50 | -200 |
| State | 9,000 | 8,150 | 8,550 | 850 | 450 |
| Local | 10,400 | 10,100 | 10,200 | 300 | 200 |

## Interior Region

| | p/ 2/91 | r/ 1/91 | Changes from: 2/90 | 1/91 | 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 29,450 | 29,050 | 28,900 | 400 | 550 |
| Goods-producing | 1,750 | 1,850 | 1,850 | -100 | -100 |
| Mining | 250 | 200 | 250 | 50 | 0 |
| Construction | 950 | 1,100 | 1,100 | -150 | -150 |
| Manufacturing | 550 | 550 | 500 | 0 | 50 |
| Service-producing | 27,700 | 27,200 | 27,050 | 500 | 650 |
| Transportation | 2,050 | 2,050 | 1,850 | 0 | 200 |
| Trade | 5,750 | 5,900 | 5,600 | -150 | 150 |
| Finance-Ins. & Real Estate | 850 | 800 | 850 | 50 | 0 |
| Services | 6,600 | 6,500 | 6,300 | 100 | 300 |
| Government | 12,450 | 11,950 | 12,450 | 500 | 0 |
| Federal | 3,500 | 3,500 | 3,650 | 0 | -150 |
| State | 4,600 | 4,100 | 4,550 | 500 | 50 |
| Local | 4,350 | 4,350 | 4,250 | 0 | 100 |

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

*Source: Alaska Department of Labor, Research & Analysis Section.*

# Nonagricultural Wage and Salary Employment By Place of Work

## Southeast Region

| | p/ 2/91 | r/ 1/91 | Changes from: 2/90 | 1/91 | 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 30,550 | 29,950 | 30,150 | 600 | 400 |
| Goods-producing | 4,750 | 4,400 | 4,500 | 350 | 250 |
| Mining | 350 | 350 | 300 | 0 | 50 |
| Construction | 850 | 800 | 800 | 50 | 50 |
| Manufacturing | 3,550 | 3,250 | 3,400 | 300 | 150 |
| Durable Goods | 1,800 | 1,450 | 1,700 | 350 | 100 |
| Lumber & Wood Products | 1,750 | 1,400 | 1,600 | 350 | 150 |
| Nondurable Goods | 1,750 | 1,800 | 1,700 | -50 | 50 |
| Seafood Processing | 650 | 650 | 650 | 0 | 0 |
| Pulp Mills | 900 | 900 | 850 | 0 | 50 |
| Service-producing | 25,800 | 25,550 | 25,650 | 250 | 150 |
| Transportation | 2,300 | 2,250 | 2,250 | 50 | 50 |
| Trade | 4,950 | 5,000 | 4,900 | -50 | 50 |
| Wholesale Trade | 550 | 550 | 600 | 0 | -50 |
| Retail Trade | 4,400 | 4,450 | 4,300 | -50 | 100 |
| Finance-Ins. & Real Estate | 1,050 | 1,050 | 1,000 | 0 | 50 |
| Services & Misc. | 5,050 | 5,000 | 5,100 | 50 | -50 |
| Government | 12,450 | 12,250 | 12,400 | 200 | 50 |
| Federal | 2,000 | 2,050 | 1,900 | -50 | 100 |
| State | 5,550 | 5,450 | 5,750 | 100 | -200 |
| Local | 4,900 | 4,750 | 4,750 | 150 | 150 |

## Gulf Coast Region

| | p/ 2/91 | r/ 1/91 | Changes from: 2/90 | 1/91 | 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 21,200 | 20,300 | 21,050 | 900 | 150 |
| Goods-producing | 5,050 | 4,500 | 4,900 | 550 | 150 |
| Mining | 1,100 | 1,100 | 1,100 | 0 | 0 |
| Construction | 750 | 750 | 750 | 0 | 0 |
| Manufacturing | 3,200 | 2,650 | 3,050 | 550 | 150 |
| Seafood Processing | 2,200 | 1,750 | 2,150 | 450 | 50 |
| Service-producing | 16,150 | 15,800 | 16,150 | 350 | 0 |
| Transportation | 1,850 | 1,750 | 1,750 | 100 | 100 |
| Trade | 3,550 | 3,550 | 3,500 | 0 | 50 |
| Wholesale Trade | 400 | 400 | 450 | 0 | -50 |
| Retail Trade | 3,150 | 3,150 | 3,050 | 0 | 100 |
| Finance-Ins. & Real Estate | 600 | 600 | 550 | 0 | 50 |
| Services & Misc. | 4,250 | 4,200 | 4,050 | 50 | 200 |
| Government | 5,900 | 5,700 | 6,300 | 200 | -400 |
| Federal | 450 | 450 | 500 | 0 | -50 |
| State | 1,800 | 1,650 | 2,000 | 150 | -200 |
| Local | 3,650 | 3,600 | 3,800 | 50 | -150 |

## Northern Region

| | p/ 2/91 | r/ 1/91 | Changes from: 2/90 | 1/91 | 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 13,850 | 13,500 | 13,200 | 350 | 650 |
| Goods-producing | 5,650 | 5,450 | 5,100 | 200 | 550 |
| Mining | 5,250 | 5,150 | 4,700 | 100 | 550 |
| Service-producing | 8,200 | 8,050 | 8,100 | 150 | 100 |
| Government | 4,350 | 4,300 | 4,400 | 50 | -50 |
| Federal | 250 | 250 | 300 | 0 | -50 |
| State | 350 | 350 | 350 | 0 | 0 |
| Local | 3,750 | 3,700 | 3,750 | 50 | 0 |

## Southwest Region

| | p/ 2/91 | r/ 1/91 | Changes from: 2/90 | 1/91 | 2/90 |
|---|---|---|---|---|---|
| Total Nonag. Wage & Salary | 15,250 | 13,850 | 14,650 | 1,400 | 600 |
| Goods-producing | 4,600 | 3,550 | 4,250 | 1,050 | 350 |
| Seafood Processing | 4,350 | 3,300 | 4,000 | 1,050 | 350 |
| Service-producing | 10,650 | 10,300 | 10,400 | 350 | 250 |
| Government | 6,350 | 6,050 | 6,250 | 300 | 100 |
| Federal | 1,250 | 1,200 | 1,250 | 50 | 0 |
| State | 550 | 500 | 550 | 50 | 0 |
| Local | 4,550 | 4,350 | 4,450 | 200 | 100 |

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

*Source: Alaska Department of Labor, Research & Analysis Section.*

building erected in Anchorage in at least five years.

### Transportation Sector Continued Shakeup In Anchorage

Anchorage's international airport continued to feel the effects of the conflict in the Persian Gulf. Flights canceled by British Airways will not resume until April. Other international flights are canceling because of the option of flying a Soviet route and the use of more fuel-efficient aircraft.

Japan Air Lines (JAL) joined the ranks of international carriers deleting their stopover in Anchorage. This will not happen until November, but the news was another blow to the Duty Free Shop whose customers are the international passengers. The shop's revenue has in the past supplied 30% of the airport's operating budget. Compared to two years ago, international stopovers are down almost two-thirds and revenue at Duty Free is about half what it was in 1989. The JAL decision will cut even deeper into the shop's revenue. Duty Free's operators announced in February that employee layoffs and shortened hours are on the horizon. They will reduce their workforce by 40 in April.

The cards are still being shuffled in Anchorage's transportation deck, and also in other regions. MarkAir will lose its monopoly on the Anchorage-Barrow route when Era Aviation begins service in April. MarkAir continued expansion plans, with new routes in Southwest Alaska between Dutch Harbor and smaller towns.

### Southwest Enjoys Strong Seafood Processing Growth

The lifeblood of the Southwest economy is the fishing industry – at this time of year, the bottom-fishing industry. Processing bairdi and opilio crab also kept processors busy in February. Three-quarters of the jobs added since January are in seafood processing, which is enjoying an over-the-year growth rate of 8.8%.

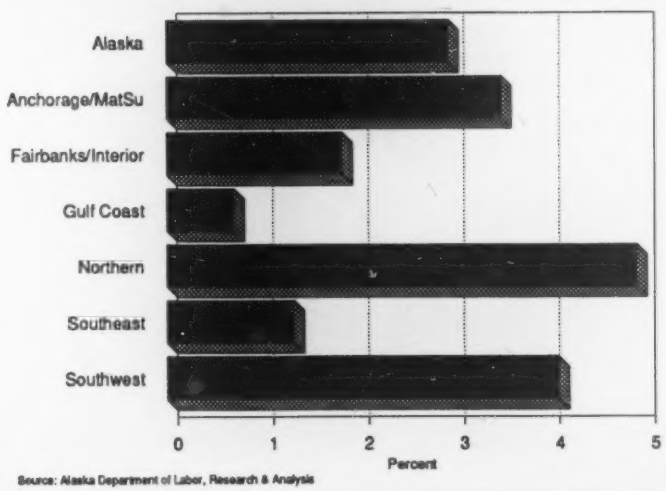
### Change In The Air For Gulf Coast's Seafood, Timber Industries

The Gulf Coast region added seafood processing jobs in February, but over-the-year growth was not as strong as in Southwest. Oceantrawl, a firm which once had plans to homeport its factory trawlers in Homer, laid out plans for a new seafood processing plant there. The $14.6 million plant would process the surimi produced on their trawlers into artificial crab sticks, thus accomplishing that elusive goal of making more value-added products within the state.

There was mixed news about Gulf Coast's fledgling wood products industry. The new sawmill in Seward made its first shipment of lumber in February to Japan and Korea. Shortly after, its parent company, the Chugach Alaska Native regional corporation, filed Chapter 11 bankruptcy, putting a question mark on the future of the sawmill. Sources for timber in the region are also in question. The legislature is considering a buyout of timber rights in an area near Kachemak Bay State Park across from Homer, and the oil spill settlement with Exxon may result in a buyout of some timber rights in Prince William Sound.

Figure • 2

**Employment Growth Rates**
**February 1990 – February 1991**




Source: Alaska Department of Labor, Research & Analysis

Table • 3

## Alaska Hours and Earnings for Selected Industries

| | Average Weekly Earnings | | | Average Weekly Hours | | | Average Hourly Earnings | | |
|---|---|---|---|---|---|---|---|---|---|
| | p/ 2/91 | r/ 1/91 | 2/90 | p/ 2/91 | r/ 1/91 | 2/90 | p/ 2/91 | r/ 1/91 | 2/90 |
| Mining | $1,187.58 | $1,225.30 | $1,062.32 | 50.3 | 50.8 | 49.0 | $23.61 | $24.12 | $21.68 |
| Construction | 974.53 | 963.05 | 1025.91 | 41.7 | 42.5 | 43.6 | 23.37 | 22.66 | 23.53 |
| Manufacturing | 524.39 | 478.68 | 499.80 | 48.6 | 42.1 | 42.0 | 10.79 | 11.37 | 11.90 |
| Seafood Processing | 471.87 | 389.71 | 396.00 | 58.4 | 47.7 | 46.1 | 8.08 | 8.17 | 8.59 |
| Trans., Comm. & Utilities | 565.42 | 577.93 | 597.80 | 34.0 | 33.1 | 35.0 | 16.63 | 17.46 | 17.08 |
| Trade | 352.32 | 350.12 | 347.28 | 32.0 | 31.8 | 31.6 | 11.01 | 11.01 | 10.99 |
| Wholesale | 599.90 | 567.84 | 571.35 | 40.1 | 39.0 | 39.0 | 14.96 | 14.56 | 14.65 |
| Retail | 301.26 | 304.82 | 299.70 | 30.4 | 30.3 | 30.0 | 9.91 | 10.06 | 9.99 |
| Finance-Ins. & R.E | 392.36 | 391.07 | 424.18 | 34.0 | 33.8 | 36.1 | 11.54 | 11.57 | 11.75 |

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

*Source: Alaska Department of Labor, Research & Analysis Section.*

### Southeast Still In Hibernation

The wood products industry in Southeast began gearing up for another spring season, adding 450 jobs since January. However, the region's other two seasonal industries—fishing and tourism—remained in hibernation. Still, all industries made small over-the-month employment increases except trade, which continued winding down from the holiday apex.

### Summary: All Regions Begin Seasonal Employment Climb

Alaska's economy showed signs of its usual upward swing from a mid-winter low, but some regions enjoyed stronger growth than others. In spite of job gains, Alaska's unemployment rate remained at January's level of 8.8%.

New projects on the North Slope boosted the Northern region's employment in February. Fairbanks showed over-the-year growth in their retail, transportation and services sectors. The retail industry will have another major player in Fairbanks soon. Sears Roebuck's announced plans to open a large full-service store by November.

Anchorage continues to grow at annual rates of more than 3%. A new building to house the Alaska Railroad's administrative offices marks a turning point in Anchorage's commercial real estate market. On the down side, Japan Air Lines announced they are following other international carriers in deleting their Anchorage stopover.

Both the Gulf Coast and Southwest regions gained seafood processing jobs in February, with the latter region showing the strongest over-the-year growth in this industry of 8.8%. Seafood processing in Southeast remained in hibernation along with those industries affected by tourism, but the wood products industry began gearing up in February. As a whole, Alaska's economy is showing signs of a good start on another good year.

Table • 4

# Labor Force By Region and Census Area

| | Labor Force | | | Unemployment | | | Rate | | | Employment | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | p/ 2/91 | r/ 1/91 | 2/90 | p/ 2/91 | r/ 1/91 | 2/90 | p/ 2/91 | r/ 1/91 | 2/90 | p/ 2/91 | r/ 1/91 | 2/90 |
| Alaska Statewide | 250,117 | 250,761 | 252,041 | 21,974 | 22,036 | 21,769 | 8.8% | 8.8% | 8.6% | 228,143 | 228,725 | 230,272 |
| Anch.-MatSu Region | 132,262 | 133,588 | 132,006 | 9,498 | 9,497 | 9,125 | 7.2 | 7.1 | 6.9 | 122,764 | 124,091 | 122,881 |
| Municipality of Anchorage | 116,428 | 117,385 | 116,550 | 7,215 | 7,236 | 6,748 | 6.2 | 6.2 | 5.8 | 109,213 | 110,149 | 109,802 |
| MatSu Borough | 15,834 | 16,203 | 15,456 | 2,283 | 2,261 | 2,377 | 14.4 | 14.0 | 15.4 | 13,551 | 13,942 | 13,079 |
| Gulf Coast Region | 27,811 | 27,318 | 28,851 | 3,466 | 3,482 | 3,892 | 12.5 | 12.7 | 13.5 | 24,345 | 23,836 | 24,959 |
| Kenai Peninsula Borough | 17,505 | 17,212 | 17,946 | 2,588 | 2,607 | 2,653 | 14.8 | 15.1 | 14.8 | 14,917 | 14,605 | 15,293 |
| Kodiak Island Borough | 5,987 | 5,856 | 6,326 | 303 | 291 | 499 | 5.1 | 5.0 | 7.9 | 5,684 | 5,565 | 5,827 |
| Valdez-Cordova | 4,319 | 4,250 | 4,579 | 575 | 584 | 740 | 13.3 | 13.7 | 16.2 | 3,744 | 3,666 | 3,839 |
| Interior Region | 34,661 | 34,856 | 34,974 | 4,182 | 4,009 | 3,888 | 12.1 | 11.5 | 11.1 | 30,479 | 30,847 | 31,086 |
| Fairbanks North Star Bor. | 29,842 | 29,970 | 30,027 | 3,415 | 3,223 | 3,073 | 11.4 | 10.8 | 10.2 | 26,427 | 26,747 | 26,954 |
| Southeast Fairbanks | 2,027 | 2,058 | 2,089 | 338 | 349 | 367 | 16.7 | 17.0 | 17.6 | 1,689 | 1,709 | 1,722 |
| Yukon-Koyukuk | 2,792 | 2,828 | 2,858 | 429 | 437 | 448 | 15.4 | 15.5 | 15.7 | 2,363 | 2,391 | 2,410 |
| Northern Region | 8,017 | 7,989 | 8,074 | 690 | 639 | 692 | 8.6 | 8.0 | 8.6 | 7,327 | 7,350 | 7,382 |
| Nome | 2,976 | 2,972 | 3,013 | 295 | 283 | 313 | 9.9 | 9.5 | 10.4 | 2,681 | 2,689 | 2,700 |
| North Slope Borough | 2,899 | 2,917 | 2,908 | 128 | 137 | 116 | 4.4 | 4.7 | 4.0 | 2,771 | 2,780 | 2,792 |
| Northwest Arctic Borough | 2,142 | 2,100 | 2,153 | 267 | 219 | 263 | 12.5 | 10.4 | 12.2 | 1,875 | 1,881 | 1,890 |
| Southeast Region | 34,193 | 34,560 | 35,008 | 3,435 | 3,696 | 3,555 | 10.0 | 10.7 | 10.2 | 30,758 | 30,864 | 31,453 |
| Haines Borough | 838 | 854 | 842 | 107 | 120 | 94 | 12.8 | 14.1 | 11.2 | 731 | 734 | 748 |
| Juneau Borough | 14,892 | 14,938 | 15,129 | 981 | 981 | 906 | 6.6 | 6.6 | 6.0 | 13,911 | 13,957 | 14,223 |
| Ketchikan Gateway Bor. | 6,516 | 6,639 | 6,700 | 816 | 919 | 871 | 12.5 | 13.8 | 13.0 | 5,700 | 5,720 | 5,829 |
| Pr. of Wales-Outer Ketch. | 2,643 | 2,779 | 2,777 | 375 | 503 | 457 | 14.2 | 18.1 | 16.5 | 2,268 | 2,276 | 2,320 |
| Sitka Borough | 3,928 | 3,951 | 4,006 | 305 | 315 | 301 | 7.8 | 8.0 | 7.5 | 3,623 | 3,636 | 3,705 |
| Skagway-Yakutat-Angoon | 1,795 | 1,782 | 1,852 | 379 | 361 | 404 | 21.1 | 20.3 | 21.8 | 1,416 | 1,421 | 1,448 |
| Wrangell-Petersburg | 3,581 | 3,617 | 3,702 | 472 | 497 | 522 | 13.2 | 13.7 | 14.1 | 3,109 | 3,120 | 3,180 |
| Southwest Region | 13,173 | 12,450 | 13,128 | 703 | 713 | 617 | 5.3 | 5.7 | 4.7 | 12,470 | 11,737 | 12,511 |
| Aleutians East Borough | 919 | 864 | 926 | 6 | 5 | 10 | 0.7 | 0.6 | 1.1 | 913 | 859 | 916 |
| Aleutians West | 2,580 | 2,430 | 2,599 | 23 | 23 | 33 | 0.9 | 0.9 | 1.3 | 2,557 | 2,407 | 2,566 |
| Bethel | 5,075 | 4,824 | 4,980 | 348 | 375 | 238 | 6.9 | 7.8 | 4.8 | 4,727 | 4,449 | 4,742 |
| Bristol Bay Borough | 524 | 500 | 516 | 42 | 46 | 32 | 8.0 | 9.2 | 6.2 | 482 | 454 | 484 |
| Dillingham | 2,390 | 2,240 | 2,437 | 132 | 115 | 171 | 5.5 | 5.1 | 7.0 | 2,258 | 2,125 | 2,266 |
| Wade Hampton | 1,685 | 1,592 | 1,670 | 152 | 149 | 133 | 9.0 | 9.4 | 8.0 | 1,533 | 1,443 | 1,537 |

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

*Source: Alaska Department of Labor, Research & Analysis Section.*

# Alaska Economic Regions

**ALASKA ECONOMIC TRENDS**
ALASKA DEPARTMENT OF LABOR
EMPLOYMENT SECURITY DIVISION
PO BOX 3-7000
JUNEAU, ALASKA 99802

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE $300

EMPLOYMENT SECURITY MAIL
POSTAGE AND FEES PAID
LAB 449

U.S.MAIL

EMPLOYMENT SECURITY MAIL
POSTAGE AND FEES PAID
LAB 449